

CHAPTER 21

LOCAL GOVERNMENT

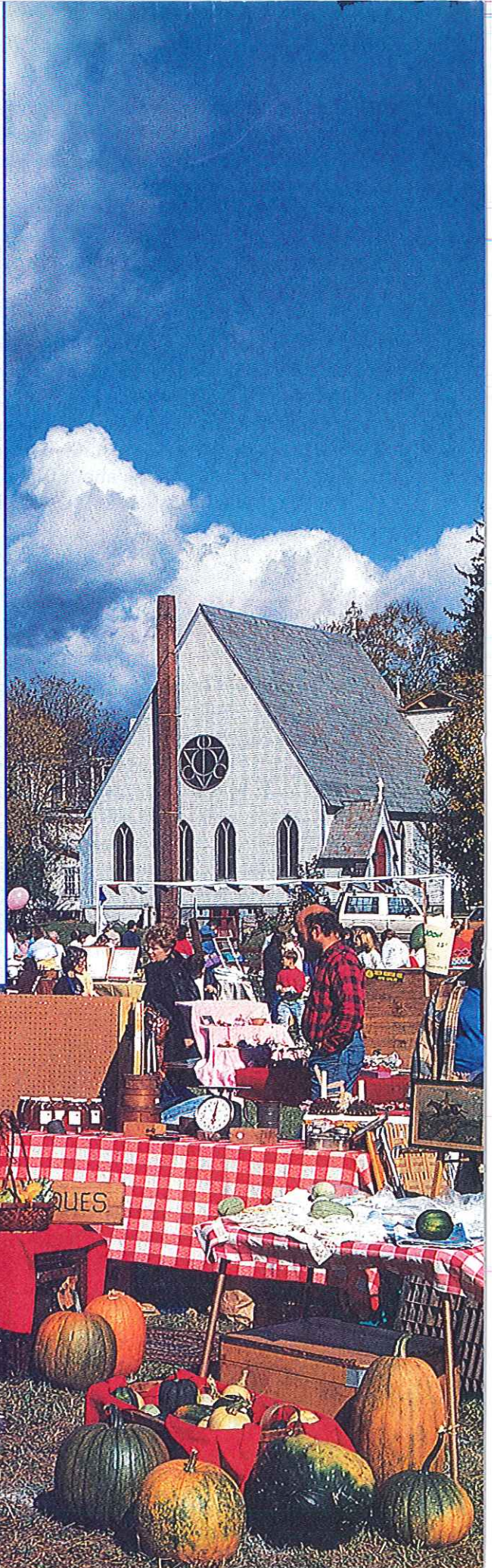
Local governments play an important role in providing essential services to the public. Take a look around your community—you may not even realize all of the services your local government provides. It may offer fire and police protection, public transit, airports and seaports, and public health services and hospitals.

Tens of thousands of local governmental units operate in the United States today. They vary a great deal in structure—so much so that some people have referred to the organization of local government in the United States as a “crazy quilt pattern” rather than a system. However, within most states, local governmental units share important similarities.



Government Notebook

In your Government Notebook, write a list of services that local government provides to your community.



SECTION 1

U.S. COMMUNITIES

Political Dictionary



rural area
urban area
suburb
metropolitan area
megalopolis

Objectives

- ★ What is a rural area?
- ★ What historical factors led to the growth of cities?
- ★ Why did suburbs develop?
- ★ What is a metropolitan area?

The size and makeup of a community largely determine its government. A city of 1 million residents would of course require many more services and a much larger government than would a town of 650. Governmental diversity is also widespread on the local level because the United States is home to many types of communities. Despite their many unique features, these communities all fit into one or more of the following categories—rural, urban, suburban, and metropolitan.

Rural Areas

Before 1920 a majority of Americans lived in rural areas. A **rural area** is an area with low population density where people live on farms, on ranches, or in small towns. Rural areas usually are dominated by agricultural production, mining, forestry, or ranching. Semirural areas—which make up a related subcategory—usually include a few more towns, sometimes of greater size, than rural areas.

Urban Areas

Today most people in the United States live in **urban areas**, or cities and their surroundings. The

first U.S. census, taken in 1790, revealed that only 1 out of every 20 Americans lived in an urban area. By 1920, however, more than 50 percent of Americans were living in urban areas. What sparked such a change?

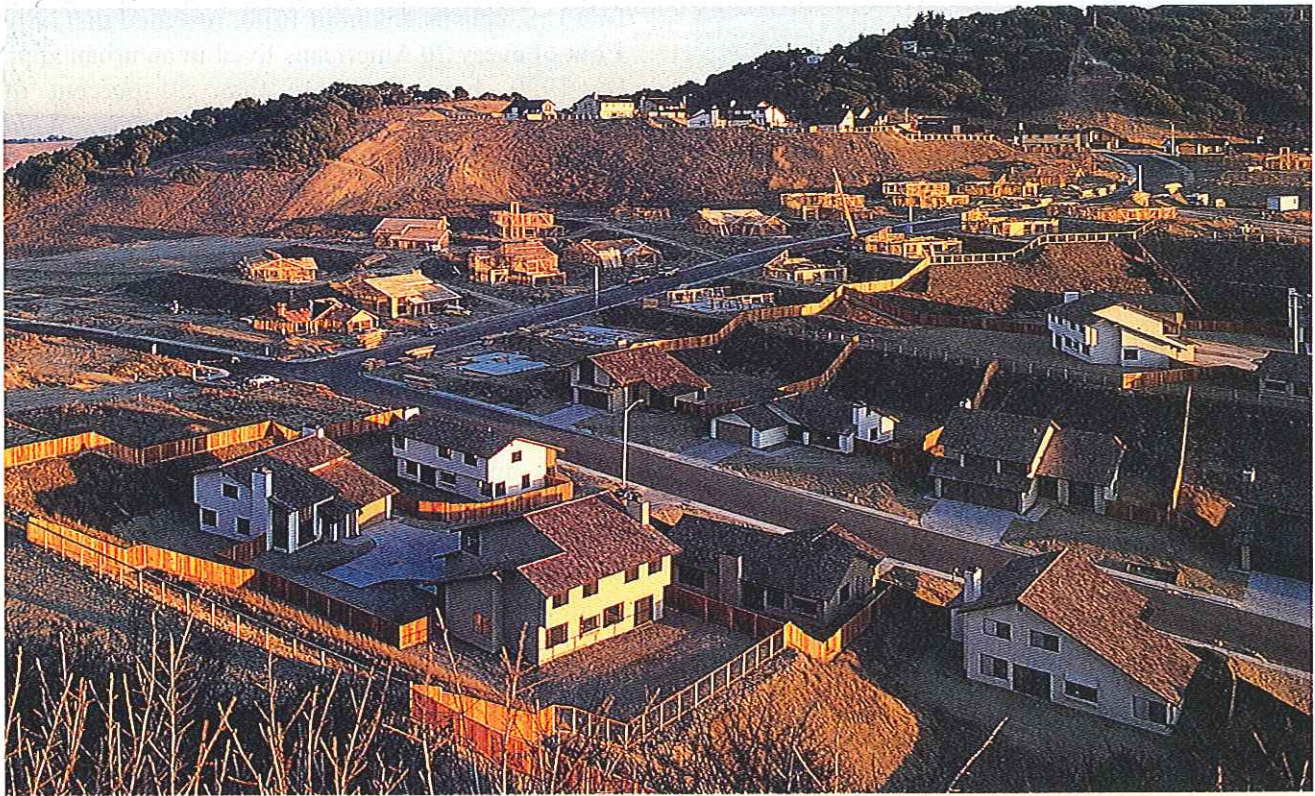
In the late 1800s and early 1900s immigrants flocked to U.S. cities in search of jobs, which had been brought on by industrial development. Improvements in transportation and communications systems had also spurred the growth of cities, as had the advancement of technology in public works engineering, thus improving urban water supplies and electric utilities, as well as sewers, streets, and bridges. Meanwhile, advances in agricultural technology lessened the need for labor in rural areas, forcing many farmworkers to the cities in search of work. Today around 80 percent of all Americans live in urban areas.

Suburbs

An urban area generally includes **suburbs**—residential areas surrounding a city. While enabling urban areas to support an increasing population, new technology in transportation and communications allowed some people to move from the crowded central cities to the outskirts.



CITIZENSHIP Today about 80 percent of all Americans live in urban areas such as Denver, pictured here. By the 1920s, what portion of the U.S. population lived in cities?



PUBLIC GOOD *New advances in communications and transportation technology made it more convenient for some people to move from the crowded central cities to suburbs that offered more space. What transportation developments helped to speed up suburbanization?*

The earliest commuter suburb, located just outside New York City, was Brooklyn Heights, which developed between 1815 and 1835. The largest U.S. cities, including Philadelphia and Boston, suburbanized rapidly during this period because of the Transportation Revolution, which ushered in widespread use of commuter trains.

With the development of automobiles, suburbanization occurred even more dramatically. Once they were able to afford cars, many people moved to the suburbs and drove to their jobs in the cities. The first large suburbs that catered to automobile commuters appeared around Los Angeles during the 1920s, after city residents voted to borrow money to build an extensive road system.

During the 1960s the nation's suburban population began to exceed that of the central cities. By 1980 about 45 percent of the U.S. population lived in suburbs, while only 30 percent lived in central cities.

Suburban growth has been particularly pronounced in the states of the South and Southwest, known as the Sun Belt. Much of this growth has

been caused by the arrival of vast numbers of people from the Northeast and Midwest. They hope to benefit from the Sun Belt states' mild climate, lower energy costs, lower taxes, and job opportunities created by newly developed industries and technologies.

Today Houston is one of the largest Sun Belt boomtowns. From 1945 to 1980, its population rose from 385,000 to nearly 1.6 million. This tremendous growth was partly stimulated by the moving of a large number of oil and energy companies to Houston during the energy crisis of the mid-1970s. Abundant job opportunities drew thousands of new residents each month. In the late 1980s, however, oil prices dropped, triggering a decline in the growth of the city's economy. The economic downturn slowed the population growth rate in Houston and other Texas oil towns.

In contrast to the Sun Belt, during the mid- to late 1970s and early 1980s, cities in the northeastern and midwestern regions of the country experienced a decline in population growth. This area, sometimes called the Rust Belt because of its heavy concentration of steel and automobile

Citizenship in

Action

Preserving Part of History

A core responsibility of local governments—rural and urban alike—involves the operation and funding of school systems. Many public school students in turn help promote the public good in their local communities by working to preserve important parts of history.

Students in Calallen Independent School District in Corpus Christi, Texas, for example, have been working for more than 15 years to restore both a one-room schoolhouse built in the late 1800s and a farmhouse built in 1910. Sally Robeau, who teaches Texas history in Calallen Independent School District, sponsors the Junior Historians club and has helped its members recondition the two structures.

Work on restoring the schoolhouse, which had been constructed in Nuecestown—a ghost town near Corpus Christi—began in 1982. The building had been converted decades earlier into a residence. To return the building to its original state, students raised money, helped remove pink stucco that had at some point been applied to the



Members of the Junior Historians club of Corpus Christi, Texas, work to restore a schoolhouse that was built in the late 1800s.

wooden exterior walls, replaced rotted boards, and painted the walls red. Students worked similarly hard to restore the old farmhouse, located in Calallen, installing insulation, building a back porch, wallpapering the interior, and replacing broken and rotted boards.

The students then raised thousands of dollars to move both structures to a common location in Corpus Christi. Some of the money raised for moving and restoring the buildings came from making and selling arts and crafts similar to those used in the late 1800s and early 1900s. The club also has received small grants for its preservation work, but students have raised most of the at least \$75,000 spent on the buildings so far, Robeau says. “Every one of the students seems to have a soft spot for the buildings,” she says. “They have a sense of ownership.”

The students display the buildings during Pioneer Days, an annual two-day event organized by the Junior Historians. At that time, visitors can tour the buildings and view student-made clay pots and other artifacts that are similar to those made a century ago. The schoolhouse also is used for field trips. Robeau says the students will soon have the farmhouse ready for use as a center for researching local history. The house will serve as a museum as well as contain historical files and other information that can be used in research.

Robeau’s Junior Historians club is associated with an educational project sponsored by the Texas State Historical Association. The project encourages students to adopt an old building, research its history, restore it, and then apply to have it designated as an official historic site.

Students in one East Texas town adopted their own high school, which features the mission-style architecture that was popular in the 1930s, when it was built. More than 100 other Junior Historians clubs are working to preserve historic sites throughout Texas. Indiana and about six other states have similar programs.

What Do You Think?

1. What values do you think students learn when working to preserve historic sites?
2. What historic sites in your community might be candidates for preservation?



CITIZENSHIP This aerial photograph shows Washington, D.C., which is part of a large megalopolis that stretches north 500 miles to Boston. How are megalopolises formed?

industries, experienced the effects of high unemployment rates caused by the collapse of the steel industry and a declining demand for American-made automobiles. Many people from this region moved to the South and West in search of jobs.

Metropolitan Areas

By 1970 nearly two thirds of Americans lived in what the U.S. government categorizes as

metropolitan statistical areas (MSAs), frequently referred to as metropolitan areas. **Metropolitan areas**—most of which have no single, overall unit of government—are urban areas made up of a central city of 50,000 or more people, its suburbs, and the surrounding counties that depend on it socially and economically. About one third of the metropolitan population of the United States lives in the nation's 12 largest metropolitan areas. These areas include Los Angeles–Long Beach; New York; Chicago; Philadelphia; Washington, D.C.; Detroit; Houston; Atlanta; Boston; Riverside–San Bernardino, California; Dallas; and Minneapolis–St. Paul.

Fueled by high suburban growth, some metropolitan areas have spread far enough to border one another. Together, a

group of bordering metropolitan areas constitute a **megalopolis**. Several megalopolises are already well developed in the United States, including one that stretches for 500 miles from Boston to the southernmost suburbs of Washington, D.C. Developing megalopolises include one running from Milwaukee to Pittsburgh and another from Santa Barbara, California, to San Diego and across the border to the southern areas of Tijuana, Mexico.

SECTION 1

REVIEW

1. Define the following terms: rural area, urban area, suburb, metropolitan area, megalopolis.
2. Why did urban areas grow in size during the late 1800s and early 1900s?
3. What developments spurred the growth of suburbs?
4. What is a metropolitan area?

5. Thinking and Writing Critically

What might be the advantages and disadvantages of living in a city? in a rural area? In what ways might daily life be different for young people living in each of these areas?

6. Applying PUBLIC GOOD

Why might some people rather live in a suburb than in a city? What might be the drawbacks?

SECTION 2

LOCAL GOVERNMENT ORGANIZATION

Political Dictionary



township
municipality
mayor-council system
council-manager system
city manager
commission
special district

Objectives

- ★ What are the four main types of local government?
- ★ What are the different types of municipal government?
- ★ What are the functions of a county government?
- ★ What do special districts provide?

Imagine that you are trying to cross the street near your house, but the street is so busy that you have to wait several minutes to cross. Whom would you contact about constructing a traffic light there? The answer most likely is your local government. As noted in Section 1, local governments provide a range of services—anything from installing signal lights to testing water quality. In these ways, local governments promote the public good by making people's lives easier and safer.

The first thing likely to strike someone studying local governments is just how numerous they are—some 85,000 at last count! Local governments provide several things to the citizens they serve, including a governing body, a legal system, and certain public services. In addition, they usually have the power to collect revenue to finance their operations. Local governments generally are

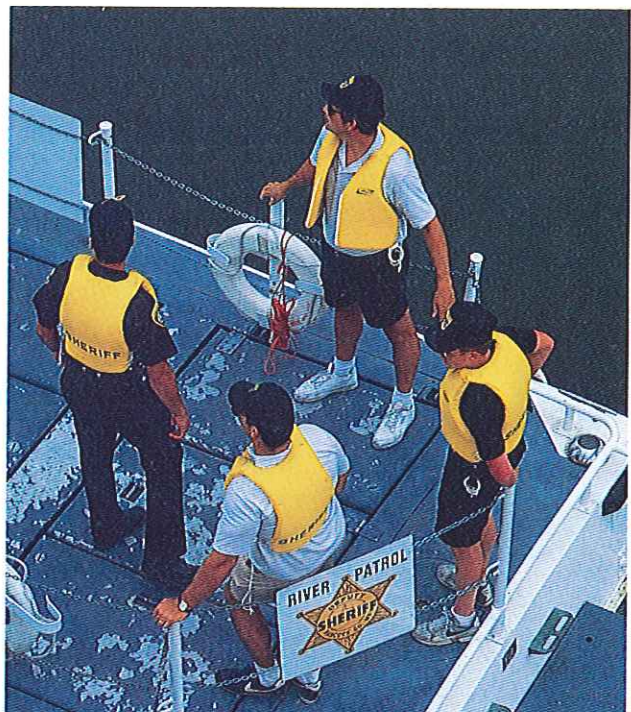
classified according to the type of area they administer—counties, towns or townships, municipalities, and special districts. These governments differ widely in their structure and authority.

Authority of Local Government

In the American system of government, the balance between state and federal authority is a delicate one. The framers of the Constitution took great care to ensure that the states would retain the power to make their own laws.

The Constitution does not, however, address the relationship between state and local governments. Town, city, and county governments are created by the state in which they are located, and their powers are defined by state law.

Local governments generally are established by state charters—documents enacted by a state legislature to create a unit of local government. Localities may exercise only those powers expressly granted to them by the state. Local charters often are very long, because they must detail every local government power.



PUBLIC GOOD One way in which local governments promote the public good is by establishing local law enforcement agencies to protect public safety. What defines the powers of town, city, and county governments?

States often keep local governments on a short leash. Every state restricts in some way the ability of local governments to tax, frequently by specifying what kinds of taxes they may adopt. Some states even regulate the administration of local governments' finances. Around half of the states, however, grant local governments the power of home rule, which allows them to pass a wide range of legislation without state legislative approval. Home rule is now more common because city government has become much more complicated in today's world, and state legislators are unable to handle individual cities' complexities with the same expertise as local administrators.

County Government

All of the states are divided into counties. In every state but two, counties generally function as units of government over a particular area. In Rhode Island and Connecticut they serve only as judicial or electoral districts. (In Louisiana, counties are called parishes; in Alaska, they are called boroughs.) Counties play a strong role in the local governments of the South and West, which are more rural and less densely populated than some other regions. County government began in the

largely agricultural southern colonies, where people often lived far away from one another, with few cities and few city governments.

In 1995 there were 3,097 counties in the United States (including parishes and boroughs). In New England, counties serve mostly as judicial districts, with the towns performing the legislative and executive duties that counties perform in other states. In the Middle Atlantic and midwestern states, counties and townships share the functions of local government. In rural and semirural areas, particularly in the South and West, the county may be the main body of local government.

Cities and towns are bound by state and county laws. Most cities—such as Minneapolis, in Hennepin County; Houston, in Harris County; and Los Angeles, in Los Angeles County—are located in a single county. Other large cities straddle several county boundaries. New York City, for example, sprawls across five counties.

In the states where counties play the strongest role, they generally hold mostly legislative and administrative powers. A county's legislative powers may include regulating the use of county property, establishing requirements for business licenses, and levying taxes. Administrative powers include operating welfare programs, hospitals, schools, and jails; keeping records of deeds, marriage licenses, and other legal documents; and supervising elections. Most county governments also maintain public roads, highways, and recreational facilities, as well as prosecute people accused of committing crimes anywhere within the county's borders, including in its cities.

Towns and Townships

In some parts of the country, particularly the Middle Atlantic and midwestern states, units of government called towns and townships provide services in areas outside major cities. In the United States the town form of government began during the colonial days in New England. Often, these small communities created a central government that combined the authority of the church with the lawmaking power of the community. The town included not only the community buildings but also the farms that the inhabitants established on the outskirts.

Early New England townspeople governed their communities through town meetings. A town's inhabitants would meet in a central



PUBLIC GOOD *Maintaining and repairing roads are primary responsibilities of county governments in many western states. In what region of the United States were the first counties established?*



PRINCIPLES OF DEMOCRACY *Town meetings attended by all of the town's inhabitants, such as the one pictured here, have typically been replaced by representative town meetings. In what regions of the United States are township governments primarily found?*

location to discuss issues and problems and to vote on how they should be handled. Some small New England towns still operate in this manner. Because of population growth and poor attendance, however, many small towns have abolished the town meeting form of government. Others have moved to a representative town meeting, in which citizens elect representatives to attend the meetings and make decisions.

The town still serves as the major decision-making body in local government in New England. It provides many of the same services that are the responsibility of cities and counties in other parts of the country.

Outside of New England, in states such as New Jersey, New York, and Pennsylvania, communities called **townships** were established. Townships in these states were responsible for some of the same functions as towns in New England—providing roads, schools, and means for assisting the poor, for example. As settlers moved to the West, they established similar townships there to perform the services of local government.

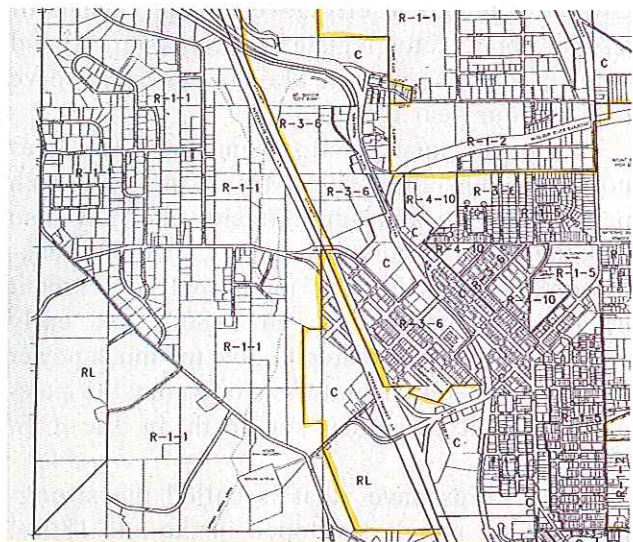
Today, however, township government has generally decreased, as municipal and county governments have taken over many of their functions. Township governments are currently found in only 20 states, primarily in the Northeast and Midwest. They are usually governed by a town

meeting and elected officers, or they may have a representative town meeting, as in some New England towns.

Municipalities

Most Americans make their homes in **municipalities**—cities, towns, and villages—with a state charter outlining their powers and responsibilities. Some of the nation's 19,000 incorporated municipalities are large, such as Houston or Chicago, while others are tiny, with nearly 90 percent having populations under 10,000. The smallest municipality is thought to be Valley Park, Oklahoma, which in 1994 had only one inhabitant. Another municipality, Hove Mobile Park, North Dakota, has only two residents.

Municipal governments generally provide services beyond those that county or township governments can provide. They are responsible for basic public services, such as operating police and fire departments, initiating garbage collection, and constructing and maintaining sewer systems, streets, parks, and public buildings. Municipalities also adopt zoning laws, which restrict land use by area—so



PUBLIC GOOD *This photo shows a typical city zoning map. Municipalities adopt zoning laws that restrict land use by area. What services do municipal governments generally provide?*

Basic Forms of Municipal Government

MAYOR-COUNCIL

Elected mayor serves as chief executive while separately elected city council serves as legislative body.

COUNCIL-MANAGER

Elected city council and often a mayor appoint a professional city manager as chief executive.

COMMISSION

Elected commissioners set overall policy while each commissioner heads a city administrative department.

Different forms of municipal government place power into different officials' hands. In what form of municipal government is the chief executive appointed by an elected city council and often a mayor?

that fish-processing plants are not located in residential neighborhoods, for example.

There are three basic forms of municipal government in the United States: mayor-council, council-manager, and commission. Although the overall structure of these systems is similar across the country, city governments do vary because each city's charter is designed to meet the specific needs of its various communities.

Mayor-Council Government The **mayor-council system** of city government consists of a separately elected legislature (city council) and chief executive (mayor). Mayors generally serve two- or four-year terms.

In some mayor-council systems the mayor does not play a substantial role. Mayors may lack such powers as veto and appointment, and may also lack the power to create budgets. Called the weak-mayor plan, this form of municipal government became common in the late 1800s and early 1900s, when people feared to give too much power to a single executive and wished to copy the executive branch structure set forth in the U.S. Constitution.

Other cities have what is called the strong-mayor plan, which developed in the late 1800s. This plan is structurally the same as the weak-mayor plan, but gives the mayor more authority. In the strong-mayor plan the mayor holds administrative responsibility and shares policy-making decisions with the council.

In a strong-mayor city the mayor may independently appoint and dismiss department heads without council approval. The mayor also is responsible for carrying out established policies, coordinating the efforts of various departments, preparing the annual budget, and administering it once it is adopted by the council.

City council members typically serve four-year terms and are elected in at-large elections—ones in which the entire city votes for all members. Some cities, however, hold ward elections, in which each ward's residents vote separately for their own council member. Most city councils meet part-time and require their members to attend only one meeting a week. Few councils outside of larger cities maintain any staff.

Council-Manager Government About one third of U.S. city governments operate under the **council-manager system**, in which the public does not elect an independent executive. Instead, the legislature (city council) appoints the chief of the executive branch. The council-manager system is most common in cities with populations between 25,000 and 500,000. Around half of the cities with populations between 250,000 and 500,000 have an appointed executive. Many council-manager cities also have an elected mayor as well, but his or her role is generally limited to the heading of the city council.

The council-manager system executives—called **city managers**—are professionals trained to

Careers in Government



City Manager

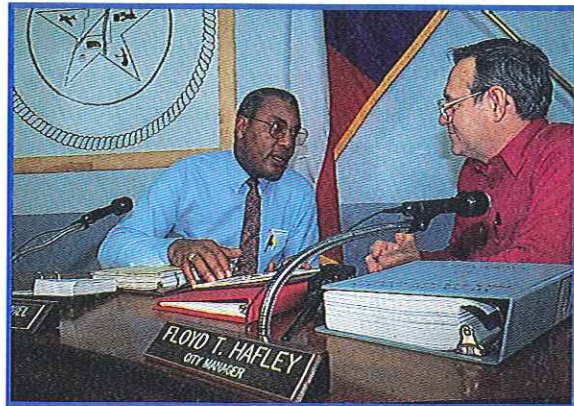
Experience and training in running the daily affairs of government are not formal job requirements for elected city officials. After all, elected city officials in many communities set general policies but turn over the daily work of municipal government to trained administrators called city managers. In cities that have a council-manager government, the city council appoints the city manager.

One of the most important jobs of a city manager is preparing a municipal budget for the mayor and city council to consider. A city manager's supervision extends to city departments that collect taxes and fees, purchase and maintain equipment, and perform other important duties. With help from the city staff, a city manager also plans for municipal growth by recommending zoning laws and expanding public facilities.

In smaller cities, city managers often must tackle these and other tasks on their own. With a limited number of municipal employees, a small city may rely on its manager to help with such tasks as processing vehicle registration forms, fish and game permits, and other state documents. City managers also must research and write ordinances, respond

to citizens' complaints and requests, and prepare reports of city operations.

Applicants for the job of city manager must have a college education and usually a graduate degree in public or business administration. Some positions require city government internships. City managers often start their careers as assistant managers or administrative assistants. City managers generally also need a knowledge of management techniques, experience with computers and various software programs that are used in urban planning and other work, and at least five years of experience working in the field.



One of the jobs of a city manager is to prepare municipal budgets for the mayor and city council to consider.

manage city services in an expert, nonpartisan manner. Typically they have studied public administration in college or graduate school and have risen up the ranks of the city management profession.

City managers are wholly responsible to the council, which can dismiss them at any time. As an appointed official, the city manager is not a political leader, in that he or she does not participate in campaigns or party politics. The city manager does, however, play a role in policy making, which generally involves politics.

Though their roles vary, city managers usually possess the powers of a strong mayor for supervising and directing city government departments. Theoretically, a city manager's primary role is to administer the policies made by the city council. In

practice, however, a city manager may become the most influential official in the city, depending on the limits placed on him or her by the city charter.

City managers usually have the right to appoint or remove the heads of various city departments without obtaining the council's approval. They may also act as chief ambassadors and handlers of emergencies (or share these roles with mayors), and prepare and submit executive budgets to city councils. Because city managers are not directly accountable to the voters, some people question whether their power in running city government is too great.

Commission Government A third type of municipal government is the **commission**, which is an elected body that holds both legislative and

executive powers. City agencies are managed directly by the commission, which is usually made up of three to nine members. Each commissioner serves individually as the head of a city administrative department, while the commission as a whole makes city policy. Relatively few cities, many of them in Texas and most of them small, have this form of government. The only city with a population over 450,000 that currently has a commission form of government is Portland, Oregon.

Special Districts

About 45,000 local governments are **special districts**—units of government that perform a single service and are generally independent of other units of local government. The boundaries of some special districts coincide with those of a large city, with some special district boundaries extending into a city's suburbs or even into other states. Special districts include seaport facilities, such as the Port of Seattle District, or those in charge of transportation and other important aspects of an urban environment, such the Port Authority of New York and New Jersey.

The most familiar special districts are school districts, which run public schools. Other special districts provide services such as transportation, sewage disposal, and a water supply. These services often are not supplied by a central city because its outlying areas rely on them as well. In addition, special districts sometimes are formed to construct and manage low-rent housing and to undertake other types of urban renewal projects.

Special districts usually are run by commissioners. These public servants are either elected or are appointed by elected officials in city, county, or other local governments.

Metropolitan Government

For years some people have argued that metropolitan areas should have single units of government uniting cities and their suburbs. Supporters of this metropolitan organization argue that metropolitan governments are more cost-effective, can better handle shared problems, and can tax people living in the suburbs who enjoy city services without having to pay for them.

Supporters of metropolitan government have argued that some public services can be produced more efficiently on a large scale than on a small

scale. Large sewage disposal plants, for example, can process each pound of sewage for less money than can small plants. Because a metropolitan government can combine operations, it can provide services at a lower cost. Some people also argue that water and air pollution do not respect local boundaries and therefore should be regulated by metropolitan authorities. They also suggest that since transportation systems need to cover an entire metropolitan area, they should be organized under a single government.

Those who support the concept of metropolitan government also point out that it would increase the

Comparing

▲.....▶ Governments

Local Governments in Australia

Australia's local governments, like those in the United States, are often run by local councillors. About 8,300 council members serve in the country's more than 900 local governments. The governments of Australia's six states pass laws establishing and setting the responsibilities for these local councils. Most council seats are elected posts, though a state's governor can, if necessary, dismiss a council and appoint a local administrator.

Responsibilities for local councils are similar to those for local governments in the United States. For example, Australian councils are responsible for keeping track of such local services as road construction and garbage collection. To fund services, local councils levy property taxes. Since the early 1970s they also have received some funding from national and state governments.

Although local councils have some power to set rules for land use and urban planning, state governments generally establish uniform laws that guide the actions of local officials in such matters.

In addition, Australian state governments perform many functions normally handled by local governments in the United States. These functions include maintaining police forces, health services, educational facilities, and public transit systems.

number of people whose taxes go to pay for city expenses. Many suburban residents, particularly those who work in the city, use a variety of city services, such as streets and police protection. A metropolitan government, some people say, would require suburbanites to pay their fair share.

Opponents of metropolitan government disagree. Studies generally do not support the argument that consolidating services makes them cheaper. Opponents also argue that local areas should be allowed to retain their diverse character and not be required to provide the same level of services as other, nearby areas. When local jurisdictions differ in the services they provide and the taxes they impose, people in an area can “shop around” for a community whose services best suit them. In addition, competition for residents encourages local governments to be more responsive.

Only a small number of metropolitan governments have been established in the twentieth century. More frequently, metropolitan areas have established joint councils to discuss and act on common problems. Some proposals for forming metropolitan governments have been voted down by suburban residents who fear that they would be required to pay city taxes and that it would be harder to maintain a high level of public services in their own communities.

C A S E S T U D Y

Consolidating Governments

POLITICAL PROCESSES The growth of suburbs and other communities surrounding large cities often complicates urban planning. As suburbs increase in size, central cities have less room to expand to accommodate their growing populations. In addition, a lack of coordination between governments of central cities and those of surrounding areas creates problems in planning roads, sewage facilities, and other services used by all metropolitan residents.

To ease such problems, some cities and counties have begun to share responsibilities. Several have even consolidated their governments into one metropolitan authority that serves all area residents. Some Consolidated governments include Davidson County–Nashville, Tennessee;



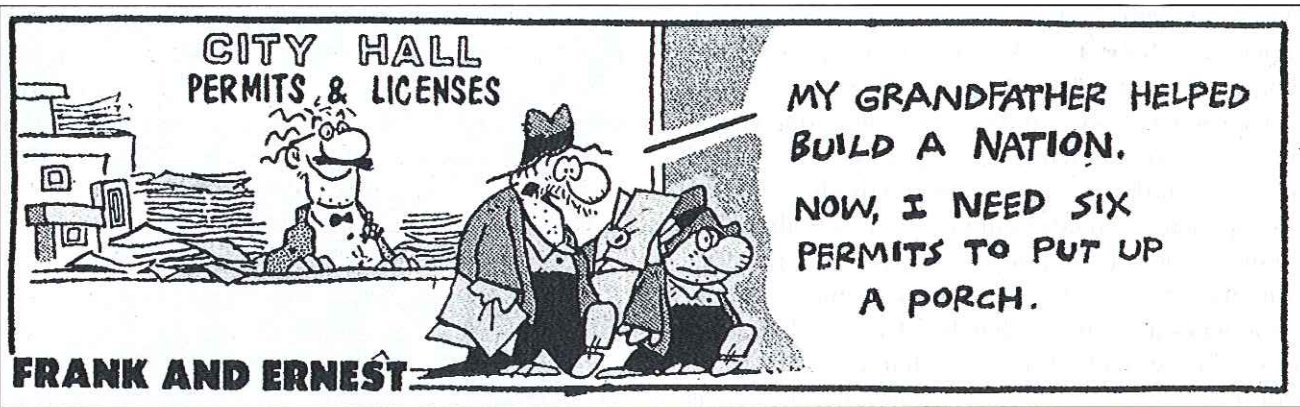
POLITICAL FOUNDATIONS *Special districts are formed to provide a single service to the community in which they are located. School districts are the most common type of special district. What are some other services that special districts provide?*

Richmond County–Augusta, Georgia; and Duval County–Jacksonville, Florida. The city of Indianapolis, Indiana, and surrounding Marion County also have a unified government, but few services actually are consolidated.

Portland, Oregon, is another city that has consolidated some of the services in its metropolitan area to better serve residents. In 1977 the Oregon legislature created the Metropolitan Service District (MSD), which includes the city of Portland, 24 neighboring towns and cities, and three surrounding counties. In the mid-1990s the MSD had a population of more than 1.2 million.

Portland and surrounding communities each have their own governments, which provide police and fire protection, community development, and other services. An executive officer and a seven-member council—elected in district elections—set district policy and provide areawide services.

With a budget of \$206 million in 1995, the MSD provided land use planning, solid waste management, and water and transportation services. In addition, it operates its own park system, the Metro Washington Park Zoo, the Oregon Convention Center, the Civic Stadium, and the Portland Center



PUBLIC GOOD Many citizens feel that local governments, although they attempt to provide for the public good, only make people's lives more difficult. What is the biggest public service problem that local governments face?

for the Performing Arts. The state legislature also provided more than \$135 million for parkland.

Local Government and the Public Good

Like state governments, most local governments have developed tracking systems to determine how well they are fulfilling their responsibilities to citizens. Some cities, for example, track how quickly potholes are repaired.

The biggest problem that local governments face in delivering services is in adequately meeting the needs of their many communities. Serving urban areas can be particularly difficult, because many

solutions to urban problems require increased spending, and people often resist paying higher taxes.


However, some people hold that a more active and informed citizenry will produce local government leaders and alternative solutions that can help improve services without a dramatic increase in spending. The people who live in each local area or community depend on local government to serve them in a variety of ways but may take for granted many of the services local government provides. Though it might be possible for individuals in a community to hire someone to take away the trash, or to protect their neighborhoods from fire and crime, life would be much more difficult if they had to achieve these things alone. People generally find that by working together they receive better and more efficient services.

SECTION 2


REVIEW

1. Define the following terms: township, municipality, mayor-council system, council-manager system, city manager, commission, special district.
2. What are the differences between the mayor-council form of government and the council-manager form? What is a commission government?
3. What types of services do county governments provide?

4. Why do some people believe that metropolitan areas should be administered by one central government?

5. **Thinking and Writing Critically**  Why were county governments initially popular in the South?

6. **Applying** **POLITICAL PROCESSES**

 Conduct an Internet search for information on the local governmental organization of a community of your choice. Record the information in a chart.

SECTION 3

REVENUE AND LOCAL SERVICES

Political Dictionary



property tax

Objectives

- ★ What are the sources of revenue for local governments?
- ★ What different types of taxes may local governments levy?
- ★ How do federal and state grants help provide local governments with needed revenue?
- ★ In what ways do local governments promote the public good?

Unlike the federal government, which depends on federal income taxes for the bulk of its revenue, state and local governments receive most of their money from other sources. Two major sources of revenue are taxes and fees, but local governments also receive extensive state and federal grants. In many cases, local governments also may borrow money to fund major expenditures.

Taxes

The primary method that most local governments use to fund their operations is taxation. A local government's power to tax, however, is limited by the constitution of its state. While local governments' taxation power varies from state to state, citizens generally pay three types of local taxes: property taxes, sales taxes, and income taxes.

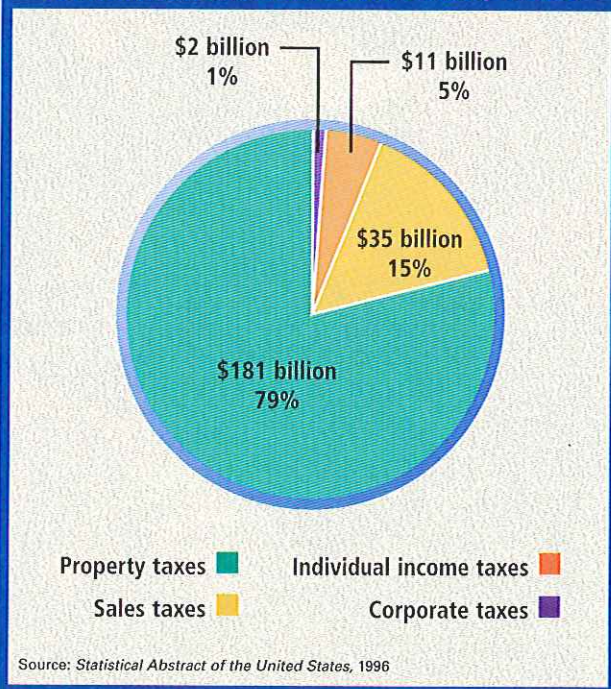
Property Taxes The most important source of local government tax revenue is the **property tax**, which is levied on the value of certain kinds of property. About half of property tax revenue goes to pay for schools. The bulk of this revenue is raised by taxes levied on land and buildings, especially

homes, rather than on property such as clothes, furniture, cars, stocks, bonds, or jewelry.

There are two noteworthy features of property taxes. First, property taxes are levied on commercial as well as residential property, but usually not on property belonging to nonprofit or charitable organizations. Thus, a community's ease in raising revenue through the property tax depends on two factors: the value of the houses in the community (which is mostly a function of the community's wealth) and whether the community has a large shopping mall, a factory, or other business with substantial valuable real estate. A small town dominated by a university or other tax-exempt organization will have trouble raising tax revenues because there is not much taxable property. On the other hand, a community that attracts a major shopping mall or a new industry may have an easier time financing its government and meeting the needs of its citizens.

The second noteworthy feature of property taxes is that they generally are based on current property values. This can produce problems

Sources of Local Government Tax Revenues, 1993



State and local governments, while they depend heavily on property taxes, receive revenue from a variety of sources. What source contributes the least to local government revenue?

when housing values rise. A family of modest means that bought a house 30 years ago may be hurt if soaring property values produce dramatically higher property tax bills.

A problem of property taxes in general lies in the fact that some citizens may own very little taxable property but have large incomes, while others may have low incomes but own a great deal of property. Many people argue that property taxes are regressive and therefore unfair—requiring lower-income people to hand over a larger percentage of their income in taxes than higher-income people are required to pay.

Sales Taxes As noted in Chapter 20, a sales tax is a tax charged as a percentage of the cost of



PRINCIPLES OF DEMOCRACY *To raise revenue, many state and local governments charge sales taxes on a variety of goods and services. What items are sometimes exempt from sales taxes?*

services and retail goods. Many items are subject to the sales tax. The local sales tax is relatively new; New York City adopted its first local sales tax only in 1934. Today at least 29 states have authorized their county governments to impose a general sales tax. Some people oppose this tax for the same reason that people oppose the property tax—because it is regressive. Governments sometimes try to ease the effects of the sales tax by exempting essential items such as food, medicine, and clothing.

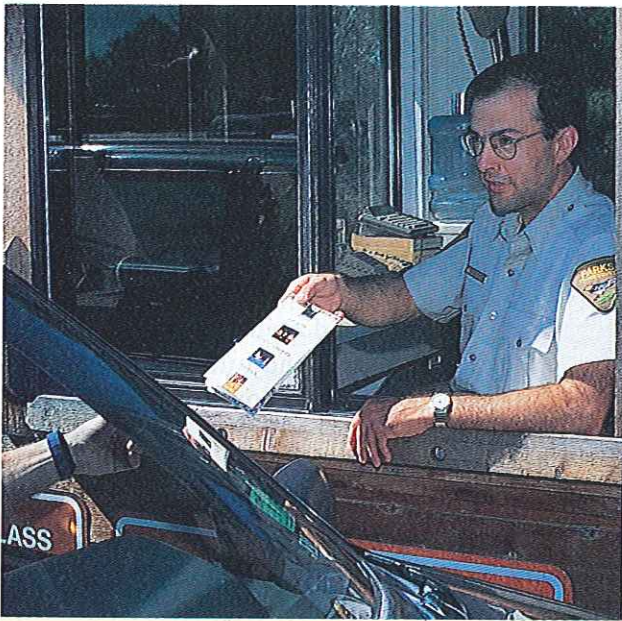
Income Taxes As noted in Chapter 9, an income tax is a tax levied on an individual's income, including wages or salaries, tips, interest, dividends, and money earned from property. Local governments rely less on personal income taxes than they do on other types of taxes, with only 11 states allowing income taxes at the local level in 1997.

Local governments choose to levy an income tax because it provides much-needed revenue, it is relatively easy and economical to administer, and it is considered by many people to be more equitable than the property or sales tax. In addition, income taxes are collected in the community where the income is earned rather than where the earner resides. This helps local governments—particularly in urban areas where many wage earners work but do not live—because they can collect taxes from both residents and nonresidents of the local community. A local government might, however, drive workers and, potentially, employers out of the city by imposing an income tax.

Fees

In recent years some local governments have come to rely increasingly on user fees, which are typically charged to citizens for the use of parks, recreation centers, other public facilities, parking spaces, mass transit, and utilities. While fees add to local government budgets, they may make services less available to citizens who cannot afford to pay.

On the other hand, some people argue that fees motivate communities to make more economical use of services, thus increasing efficiency and reducing waste. Such motivation does work particularly well for services such as water, which is used extravagantly if no fee or a flat fee—a fee that does not vary according to the level of use—is charged. However, when citizens are charged



PUBLIC GOOD *Many local governments raise revenue through user fees. Such fees may be charged for admission to county parks. For what other services may local governments charge user fees?*

individually for the amount of water they use, they are more likely to conserve.

Grants

As noted in Chapter 4, local governments—like state governments—receive extensive federal grants, called grants-in-aid. During the 1960s the Kennedy and Johnson administrations began increasing the number of grants directly available to local governments. Formerly, the federal government had allocated much more money to state governments to distribute among cities and counties for programs they chose to fund. This change in the administration of federal funding for local governments came partly as a response to lobbying efforts by both the United States Conference of Mayors and the National League of Cities.

Local governments do receive significant revenues through grants from state governments as well. About half of school district funding comes from state grants. Grants help pay for other services as well, including public welfare programs, highway construction and maintenance, and general government support.

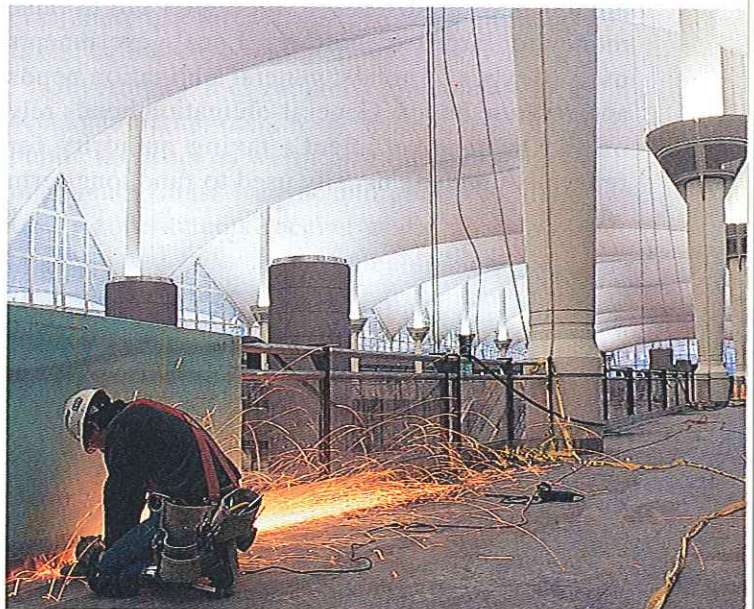
As noted in Chapter 4, two types of grants are available to local governments: categorical and block. On a local level, categorical grants might

be used for specific purposes, such as vocational education, while block grants would cover public education in general.

Categorical grants can be further classified as project grants, formula grants, or open-ended reimbursements. The process by which the federal government distributes money varies according to the type of grant. To receive a project grant, a local government must submit an application to a federal agency, which can approve or deny the request. In contrast, the federal government distributes formula grants to local governments according to factors established in congressional legislation or administrative regulations. Open-ended reimbursements are federal payments to local and state governments for the expenses arising from the implementation of federal mandates. The federal government typically pays only a portion of the expenses incurred by the mandate; the remaining funds must be provided by the state or local government.

Borrowing

During the 1800s, local governments often managed their finances poorly. For this reason, many state constitutions heavily restrict local governments'



PUBLIC GOOD *Local governments borrow money to finance large projects, such as the Denver International Airport, which is shown under construction in this photograph. For what kinds of projects do local governments usually receive grants?*



PUBLIC GOOD Citizens often have the opportunity to vote in bond elections. What are the two types of bonds issued by local governments?

ability to borrow money. Although local governments are supposed to maintain a balanced budget, they *can* borrow in anticipation of the revenue they will take in through taxes. They borrow this money through loans from a bank or they issue short-term tax anticipation notes.

Local governments usually issue bonds (which are defined and discussed in Chapter 20) to raise money for large expenditures. Local governments use two types of bonds: general-obligation bonds and revenue bonds. General-obligation bonds rely on the local government's taxing authority for repayment and are usually used to fund long-term

projects such as the building of schools. Popular referenda are usually required to authorize the use of general-obligation bonds. (As noted in Chapter 20, a referendum is a popular vote on a proposal.) Revenue bonds are usually used to pay for convention centers, city-owned stadiums, utilities, toll roads, and toll bridges and are paid off from the revenue collected through user charges and tolls.

Bonds have been generally considered safe investments since the Great Depression, but they do carry a small element of risk. In late 1994, for example, Orange County, California, was suffering from financial

troubles stemming from risky investments by Orange County officials. For some 18 months municipal bondholders were not sure that the county would be able to pay off its debts. In June 1996, however, their worries were over when the county got its finances in order.

In recent years some sellers of local bonds—including Orange County after its financial crisis—have offered insurance to bondholders. The interest rate for insured bonds generally is slightly lower than that for uninsured bonds, but bondholders receive a guarantee that they will be repaid.

SECTION 3

REVIEW

1. Define the following term: property tax.
2. Why do some people argue against the use of property taxes?
3. Which type of tax seems fairest: property tax, sales tax, or income tax? Why?
4. For what reason do local governments need to tax citizens?
5. What are some advantages and disadvantages of charging fees for the use of public facilities?

6. Thinking and Writing Critically

Do you think that local government should issue bonds or find other ways to fund necessary services and projects? Explain your answer.

7. Applying POLITICAL FOUNDATIONS

Why might some people argue that suburban residents should be required to share in the costs of running the central city on which they depend? Do you think that suburban residents should be forced to share these costs? Why?

SECTION 1 The size and makeup of a community largely determine its government. Although each is unique, most U.S. communities fit into one or more of the following categories—rural, urban, suburban, or metropolitan.

Today most people live in urban areas, or cities. An urban area usually includes suburbs—residential areas surrounding a city. Suburbs first developed during the mid-1800s.

By 1970 nearly two thirds of Americans lived in what the U.S. government categorizes as metropolitan statistical areas (MSAs), commonly known as metropolitan areas. Metropolitan areas are urban areas made up of a central city of 50,000 people or more, its suburbs, and the surrounding counties that are socially and economically dependent on it.

SECTION 2 Local governments are generally classified according to the type of area they administer—counties, towns or townships, municipalities, or special districts. The authority of local government is determined by the state in which it is located, and its powers are defined by state law.

All of the states are divided into counties. In every state but Rhode Island and Connecticut, where counties serve only as judicial or electoral districts, counties function as units of government over a particular area. Counties play a much stronger role in government in the South and Midwest than they do in the Northeast.

In some parts of the country, particularly in the Middle Atlantic and midwestern states, counties are divided into townships or towns. The town form of government began in the colonial days in New England. The township began in states outside of New England, such as New Jersey, New York, and Pennsylvania, and then spread to the Midwest.

Municipal governments are the most visible local governmental unit. There are three basic forms of municipal government in the

United States: mayor-council, council-manager, and commission.

A special district, another type of local governmental unit, addresses a specific need and is generally independent of other units of local government. The most familiar special districts are school districts, which run public schools.

Many people argue that metropolitan areas should have their own units of government. There are several arguments both for and against establishing such a government. Only a small number of such consolidated governments have been established.

SECTION 3 Local governments receive revenue from diverse sources, including taxes, user fees, and state and federal grants. They also borrow funds to provide money for their long-term projects.

The main method most local governments use to fund their operations is taxes. In general, there are three types of taxes—property taxes, sales taxes, and income taxes.

Government fees generally are collected for access to parks, recreation centers, and other public facilities as well as for the use of parking spaces, mass transit, and public utilities. Local governments receive grants from both the state and federal governments.

Most borrowing by local governments is in the form of bonds, which come in two forms—general-obligation bonds and revenue bonds. Other forms of borrowing include short-term bank loans or tax anticipation notes.



Government Notebook

Review the list that you made in your Government Notebook at the beginning of the chapter. What other services does your local government provide to your community? Add to the list of services in your Notebook.

REVIEW

REVIEWING CONCEPTS

1. What makes up a metropolitan area?
2. Why has population growth been particularly high in the Sun Belt?
3. How are local governments established? How can state governments restrict the power of local governments?
4. Who runs special districts? What types of services do special districts provide?
5. How are local governments funded?
6. The bulk of property tax revenue comes from taxes on what kind of property?
7. Which sources of revenue do local governments rely on most to fund their schools?

THINKING AND WRITING CRITICALLY



1. **CITIZENSHIP** What form of local government does your community have? Do you think that this form of government adequately serves the needs of the community? Does this form of government encourage citizens to participate in local government? Explain your answers.
2. **PUBLIC GOOD** Many cities have suburbs that depend on city industries for jobs, yet most of these metropolitan areas do not have a *single* unit of government. Imagine that you live in a large city and are a strong supporter of metropolitan government. Write a short speech that you would give at a city council meeting to try to persuade other residents as well as policy makers to adopt your position.
3. **POLITICAL PROCESSES** Local governments assess fees to raise money in order to help fund their operations. What types of fees do you have to pay?

4. **PUBLIC GOOD** Local government provides many necessary services, but some people criticize it for failing to meet the community's needs. In what ways do you think that local government succeeds in promoting the public good? In what ways do you think it fails?

CITIZENSHIP IN YOUR COMMUNITY



Special districts are independent units of local government. They usually provide a specific service or perform a special function. Gather information about the special districts that serve your community or another city in your state. Select one of them to research. What services or functions does it perform? How are officials of the special district selected? How do they determine whether they are meeting the needs of the community? You might want to begin your research by reading articles about the special district in local newspapers or magazines, requesting brochures or other information from the district, and conducting interviews with district officials. Write a two-to-three-page paper and present your findings to your class.

COOPERATIVE PORTFOLIO PROJECT



Colonial New Englanders held town meetings in which they discussed and voted on issues and problems that affected them. Form three groups to research how early New Englanders ran these meetings and what types of issues they addressed. Use the information you find to recreate a town meeting in your classroom. Costumes and props can make the re-enactment more believable. If possible, videotape the performance so you can watch it as a class.

THE INTERNET: LEARNING ONLINE



Conduct an Internet search to learn about the transportation and communications developments that influenced the growth of suburbs in the 1800s and early 1900s. You might want to begin by using search words such as *Henry Ford* and *Model T*, *James Watt* and *steam engine*, and *Samuel Morse* and *Morse code*. Make a poster with a drawing of the invention you choose to research. Include information about the invention and the inventor, and explain how the invention may have contributed to the growth of suburbs. Remember to list the Web sites that were useful to you in your research.

PRACTICING SKILLS: CONDUCTING RESEARCH



Arrange an interview with the mayor of your city, the city manager, or a city council member to find out more about his or her job, including the necessary qualifications and the everyday duties involved. Prepare for the interview by making a list of questions to ask. Be sure to make eye contact when you ask the questions, and take notes so that you can refer to the answers afterward. If possible, tape-record or videotape the interview to present to the class.

ANALYZING PRIMARY SOURCES



"REINVIGORATING DEMOCRATIC VALUES"

Henry Cisneros, the first Hispanic mayor of a major U.S. city (San Antonio), was appointed secretary of housing and urban development in 1993. In 1990 Cisneros and John Parr, a past president of the National Civic League, cowrote an article addressing the problem of a lack of public participation in government. Read the following excerpt and answer the questions that follow.

“*Apart from personal behaviors, current patterns of civic involvement also are shaped by features of our democratic system, such as voter registration and*

campaign regulation practices—or the availability of the initiative, referendum, and recall—affecting perceptions [awareness] of citizen access to the governance [governing] process. Beyond shortcomings of the campaign process and election practices, the changing nature of our communities, in terms of demographics [population statistics] and economics, also affects citizens’ perceptions of both their relationships with their neighbors and the impact they can have on public decision making.

In alarming numbers, citizens are becoming increasingly disengaged from public affairs, uninterested in the political process and public institutions, and skeptical that government has the talent, resources, and moral courage to solve problems. . . .

Compounding this withdrawal from involvement is that the current practice of democracy also has deteriorated. Evidence of this decline includes political campaigns that focus on personalities rather than public problems . . . and a trivialization of public discourse, characterized by discussion of issues favoring the ‘sound bite’ over the debate. Popular attention is diverted from serious problems of broad impact . . . to emotionally charged issues appealing to narrow, vocal interests. . . .

The problems confronting us as a nation and as communities require immediate attention. The solutions will not come from government alone. The society we want and can have will be achieved only through the combined effort of involved and concerned citizens and the public, private and voluntary sectors. . . . We must translate our passive anxiety into positive action for constructive change. . . . We must pledge our future to a prescription for strong citizen democracy of responsibility, understanding, consensus [general agreement], and cooperation.”

1. According to the authors, what factors help shape public participation in “governance”?
2. Do you think that public participation on a local level can help solve problems facing the country? Explain your answer.

YOUR ASSIGNMENT

Council Member for a Day

Imagine that you and other members of your group serve on a town council in a rural area of your state. Your town has a mayor-council form of government. The mayor and council members are concerned about the lack of space in the town hall to accommodate the current staff and the new town employees whom the council expects to hire next year. In anticipation, the town council has decided to expand the town hall. Now you and other council members are searching for ways to pay for the construction.

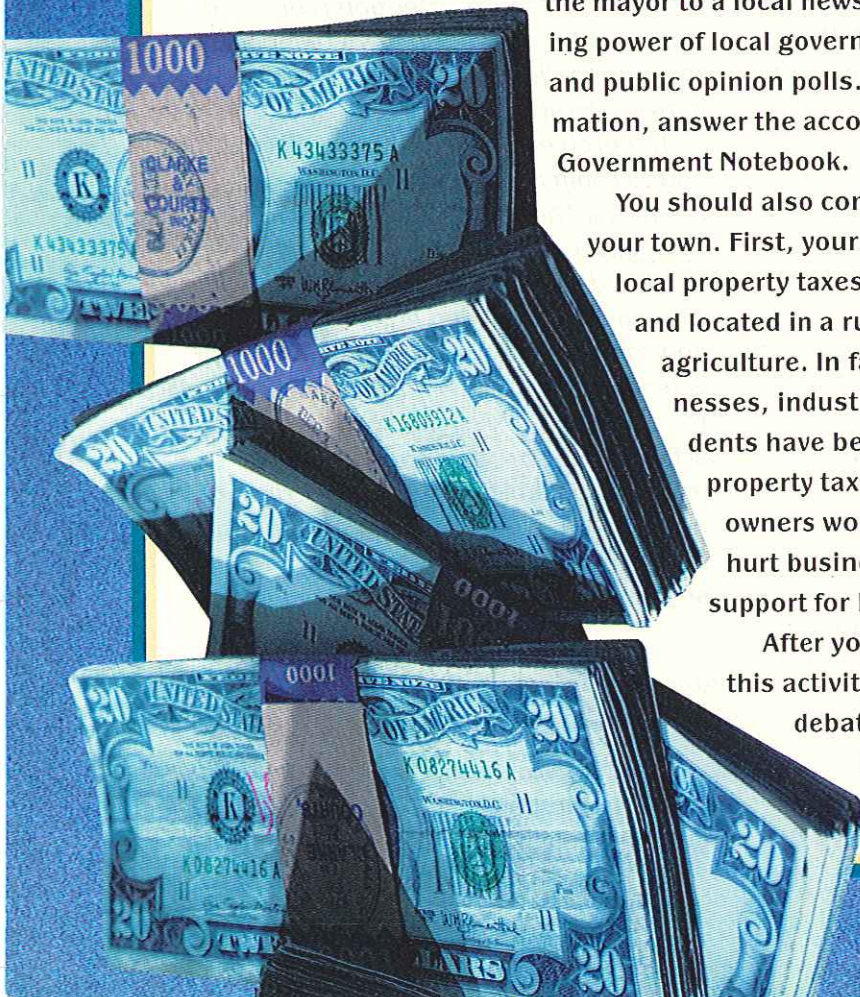
The town council must draft legislation that spells out a plan to raise money for the town hall's expansion. If voter approval is necessary for any part of the funding plan, you should include a schedule for bond or other elections.

To help you in drafting the legislation, you and other council members must review important information regarding the town's taxing authority as well as funding options for the construction. That information, which can be found on the following pages, includes these documents: a newspaper clipping about local taxes, a letter about the funding from

the mayor to a local newspaper, a state law governing the taxing power of local governments, a rough town budget report, and public opinion polls. When you finish reviewing the information, answer the accompanying questions in your Government Notebook.

You should also consider some other information about your town. First, your town's government already levies local property taxes. Second, because your town is small and located in a rural area, its economy relies largely on agriculture. In fact, your town contains no large businesses, industries, or retail centers. Most town residents have been reluctant in the past to support property tax increases. In addition, small-business owners worry that levying a local sales tax would hurt business. There is also little support for levying an income tax.

After you have reviewed the information in this activity, meet with other council members to debate a course of action. Then prepare legislation that can win a majority of the votes on your council.



ANOTHER TAX INCREASE?

Last spring, for the third time in as many years, our property taxes went up. The increase was only slight, and Forest Park citizens bore it gladly for the sake of the new elementary school. However, with growing talk about a possible sales tax increase or a new local income tax to pay for construction to expand the town hall, people are beginning to grumble.

"We just had a tax increase! I for one am not ready to hand over more of my hard-earned money for some politician's pet project. They should cut some of their current spending to pay for their expansion if they really need it," commented Ronald Walker, a local businessman.

Melanie Hopkins, a cashier at the grocery store, said, "I sure don't want to pay any more taxes. It seems like I hardly have any money left for my family as it is. But my aunt works for the town, and she says that the situation at the town hall is terrible. She has to share an office with three other people, and they can barely walk around all the filing cabinets and office equipment. I'm sure it's a fire hazard, among other things."

Fire Chief Tony Nguyen confirmed Hopkins's suspicion. "It's a fire hazard all right. By state law, I should shut down the town hall. But then who would be running things around here? We need the expansion, but I don't know how we're going to pay for it."

Citizens are largely resistant to a new tax, but according to town officials, the situation at the town hall is urgent. For more information on this issue, see Mayor Mason's letter to the editor on page 3B.

▼WHAT DO YOU THINK?

- ★ What reason does the mayor give for overcrowding in the town hall?
- ★ What options does Mayor Mason offer readers for funding the town hall expansion?
- ★ Which options do you think would be best for town officials to pursue?

Letters to the Editor

Mayor Urges Support of Town Hall Expansion

I am writing this letter to urge the citizens of Forest Park to support the town hall expansion effort. I hope you will take a few minutes to read my letter, because our community needs to understand the urgent need for more space in town hall.

The main reason the council has decided to expand the town hall is that the building is severely overcrowded. Built 80 years ago, it is designed to accommodate only about 20 employees. Currently, 45 employees are crowded into the building's offices. The town council expects to hire several new employees over the next year.

Why is the number of town employees increasing so quickly? More and more people move to Forest Park each month. Some do so because they like the peaceful lifestyle and beautiful countryside. Others choose Forest Park because it is within easy driving distance of their jobs in nearby cities.

Of course, most people already agree that we need to

expand town hall. What is not clear is whether there is enough support to pay for the expansion. It will be expensive. Town officials estimate that it will cost about \$300,000 a year to pay off general-obligation bonds for construction.

Forest Park residents will have to pay most of the cost. The choice, of course, is between raising taxes or cutting the budget. If we cut the budget, we must either lay off town employees or decrease the services that the town provides. The only other option is to put the expansion of the town hall on hold.

I believe we must be prepared to pay for construction through higher taxes. Higher taxes will be difficult for many people. Nevertheless, our community needs to have the facilities to continue to provide the services this town needs. Let's all pitch in and help make it happen. I encourage each of you to attend the upcoming town council meetings to let us know what you think about the issue.

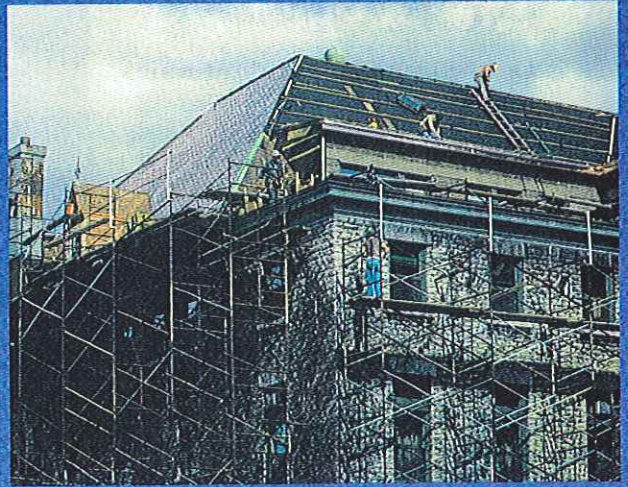
Sheila Mason
Mayor

PUBLIC POLICY LAB

Local Government: State Book of Laws

Taxing Authority for Local Governments

- A. Municipal Improvements
1. Cities and towns throughout the state have the authority to levy the following taxes to pay for town improvements:
 - a. property taxes,
 - b. sales taxes, and
 - c. income taxes.
 2. City and town governments may set tax rates for funding municipal services and maintenance under the following conditions:
 - a. revenue from tax rate increases in any one year may not exceed 5 percent of the city or town's current total budget without voter approval;
 - b. general elections to decide a tax increase must be held between 30 and 90 days of the local government's approving it; and
 - c. revenue from tax rate increases in any one year may not exceed 15 percent of the city or town's current budget with or without voter approval.



FROM THE OFFICE OF THE TOWN BUDGET DEPARTMENT

TO: Town Council Members
FROM: Jacqueline Soliz, Town Budget Department
RE: Budget Requirements for Town Growth



Per your request during the last council meeting, the Town Budget Department is preparing a report providing rough budget figures regarding current spending and the cost of the proposed expansion of the town hall. The following items are a summary of the main points included in the report:

- a. Current annual town budget: \$115.5 million
- b. Estimated annual cost of proposed town hall expansion: \$300,000
- c. Possible sources of local revenue:
 - general-obligation bonds, to be paid off by new local sales or income taxes
 - property tax increase of 3 percent
 - decreased spending on an existing program [see below]

Currently, the budget is used to pay for public safety, town administrative services, public health, public recreation and culture, public works, social services, development, and municipal courts.

The full report will be available by the end of the week.

▲ WHAT DO YOU THINK?

- ★ What kinds of taxes may town governments levy to pay for town services or improvements?
- ★ By how much may city governments raise tax rates annually before they must seek approval from local voters?
- ★ What is the upper limit of a tax rate increase, even with voter approval?
- ★ Why do you think state law requires voter approval for tax rate increases of more than 5 percent of the current budget and forbids them above a set limit?
- ★ You can see in the budget report that the estimated annual cost of paying off general-obligation bonds to expand the town hall is \$300,000. Would those annual payments exceed 5 percent of the town's current budget?



Dear Mayor Mason:

Thank you for asking me to poll residents in your area about expanding the town hall. I hope this information will help you in coming to a decision about how to pay for the construction.

To help me conduct the poll, I contacted graduate students in the Department of Public Affairs and the Department of Economics here at State University. With their help, I conducted two telephone polls in your community last month. The first poll question asked respondents whether they believed an expansion of the town hall was needed. The second question asked respondents their opinions about how the construction costs of the town hall expansion should be funded.

The poll results are shown in the attached two pie charts. If I can be of further assistance, please let me know.

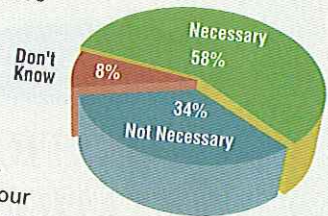
Sincerely,

Professor Peter Simek
Department of Public Affairs
State University

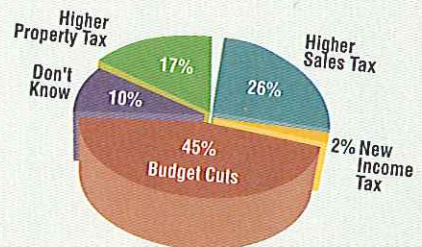
▼ WHAT DO YOU THINK?

- ★ What percentage of poll respondents believes that town hall expansion is needed?
- ★ Review the results of both polls. How likely do you think voters are to approve the use of general-obligation bonds to fund the expansion of city hall?

"Town officials say that the Forest Park town hall does not have adequate space for the current town employees, and the town council expects to hire several new employees this year. To resolve this problem, the council is proposing to expand the town hall. In your opinion, is this expansion necessary?"



"In your opinion, how should the town pay for the expansion of the town hall?"



THINGS TO DO

1. Review with the other council members in your group the information and questions in this activity.
2. Work with other council members to decide on a course of action regarding expansion of the town hall. You do not need to provide specific numbers if you decide to increase taxes or levy new ones. For example, you might simply agree to raise property taxes by the amount necessary to cover the construction costs or you may decide to make budget cuts for the necessary amount. You must, however, be prepared to explain the reasoning behind the choices you make.
3. The action you choose must be capable of winning a majority vote of the council. Draft legislation calling for the measures agreed upon by the council. In the legislation, you may write that specific tax rates will be set after a study by the Town Budget Department. Then take a formal and recorded vote of council members. Because it is a formal document, your final legislation should be typed or neatly handwritten and should be accompanied by the mayor's signature and the town's official seal.
4. Present and explain the reasoning behind your legislation to the rest of the class.